

CALIFORNIA DEFERRED DEPOSIT TRANSACTION LAW

License Application Update - May 17, 2004

The California Deferred Deposit Transaction Law (CDDTL) became effective on January 1, 2003 and will become operative on December 31, 2004, or earlier if the operative date is changed by Executive Order. Under the CDDTL, the responsibility for licensing and regulating persons engaged in the business of deferred deposit transactions (i.e. deferred deposit of a personal check) will be transferred from the Department of Justice to the Department of Corporations (Department).

Any person that was intending to engage in the business of deferred deposit transactions on or after March 1, 2004, who held a permit from the Department of Justice prior to January 1, 2003 and made deferred deposit transactions prior to January 1, 2003, was required to submit a license application to the Department of Corporations with the appropriate fees and pay the initial assessment on or before May 15, 2003. Prior to engaging in the business of deferred deposit transactions on or after December 31, 2004 (or earlier if the operative date is changed by Executive Order), all other persons must submit an application with the appropriate fees and obtain a license from the Department of Corporations.

An application must be submitted for each location that the applicant intends to engage in the business of deferred deposit transactions. A licensee with one or more licensed locations may file a short form license application. The application forms are available through the Department's website at www.corp.ca.gov. **Any person planning to engage in the business of deferred deposit transactions on or after December 31, 2004 is encouraged to submit the license application to the Department of Corporations no later than October 1, 2004 in order to allow sufficient time to process the application prior to the deadline of December 31, 2004.**

The Department has received approximately 415 long form applications for principal offices and 1,430 short form applications for additional locations. During the fourth week of May 2004, the Department will notify those applicants that failed to submit the correct license application fees and/or initial assessments.

The next step in the process is to perform the initial review of the applications, which is currently in process. The applications will be processed in the order received. The Department will notify each applicant that submitted an incomplete or deficient application of the items that need correction after the initial review of the application is completed. The Department plans to begin sending the first deficiency letters during the fourth week of June 2004. Applicants that receive a deficiency letter are encouraged to respond in a timely manner, ensuring that all of the items requested are submitted to the Department. The Department plans to complete the initial review of all applications in October 2004.

The Department will notify the applicant upon receipt of a completed application. The licenses, which will be dated December 31, 2004, will be issued during December 2004 to all applicants that were investigated and were not denied a license by the Department.

Please continue to visit the Department's website for updates on the California Deferred Deposit Transaction Law and the license application process.

If further information is needed, please contact Louisa A. Broudy at (213) 576-7609 or by e-mailing to lbroudy@corp.ca.gov. You may also contact Steven Thompson at (213) 576-7610 or sthompson@corp.ca.gov.